

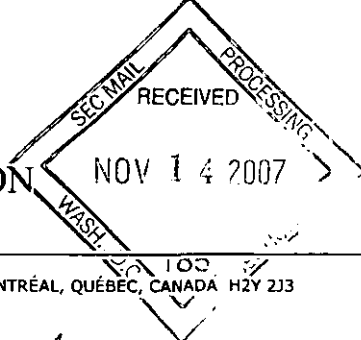


POWER  
CORPORATION  
OF CANADA

751 VICTORIA SQUARE, MONTRÉAL, QUÉBEC, CANADA H2V 2J3

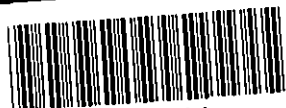
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082-00137

## NEWS RELEASE



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**SUPPL**

**FOR IMMEDIATE RELEASE**

See Forward-looking Statements and Non-GAAP Financial Measures sections at the end of this

**PROCESSED**

### **NINE-MONTH OPERATING EARNINGS INCREASE 33.1%**

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**THOMSON  
FINANCIAL**

Montréal, Québec, November 8, 2007 – Power Corporation of Canada's operating earnings for the nine-month period ended September 30, 2007 were \$1,149 million or \$2.47 per share, compared with \$866 million or \$1.85 per share in the corresponding period of 2006. This represents a 33.1% increase on a per share basis.

Growth in operating earnings reflects an increase of 19% in the contribution from Power Financial, as well as a significant increase in income from investments, generated primarily by the Corporation's operations as a Qualified Foreign Institutional Investor in China, its portfolio of investment funds in North America, its interest in Sagard 1 Fund in Europe and dividends received from its investment in Citic Pacific.

Other income was a charge of \$36 million or \$0.08 per share for the nine-month period in 2007, reflecting primarily the Corporation's share of a \$97 million after tax provision recorded in the third quarter by Great-West Lifeco for certain Canadian retirement plans, as well as other items. Other income was \$238 million or \$0.53 per share in 2006, primarily composed of the Corporation's share, in the amount of \$236 million, of the gain resulting from the sale by Groupe Bruxelles Lambert of its 25.1% interest in Bertelsmann AG.

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*dlw 11/19*



Net earnings for the nine months ended September 30, 2007 were \$1,113 million or \$2.39 per share, compared with \$1,104 million or \$2.38 per share in the same period of 2006.

### **THIRD-QUARTER RESULTS**

For the quarter ended September 30, 2007, operating earnings of the Corporation were \$392 million or \$0.84 per share, compared with \$273 million or \$0.58 per share in the third quarter of 2006. This represents an increase of 44.6% on a per share basis.

Other items for the third quarter of 2007 were a charge of \$38 million or \$0.08 per share reflecting primarily the impact of the provision recorded by Great-West Lifeco as described above. For the corresponding period in 2006, other items were \$236 million or \$0.52 per share, representing essentially the Corporation's share of the gain recorded by GBL from the sale of its interest in Bertelsmann.

Net earnings for the quarter were \$354 million or \$0.76 per share in 2007, compared with \$509 million or \$1.10 per share in 2006.

### **RESULTS OF POWER FINANCIAL CORPORATION**

Power Financial Corporation's operating earnings for the nine-month period ended September 30, 2007 were \$1,583 million or \$2.16 per share, compared with \$1,330 million or \$1.81 per share in the corresponding period in 2006. This represents a 19.3% increase on a per share basis.



Growth in operating earnings reflects primarily growth in the contribution from Power Financial's subsidiaries as well as from its affiliate, which also benefited from a favourable timing difference in dividend income compared with the previous year.

Other income was a charge of \$71 million or \$0.10 per share for the nine-month period ended September 30, 2007, reflecting primarily Power Financial's share of a provision recorded by Great-West Lifeco in the third quarter. Other items not included in operating earnings in 2006 were \$351 million or \$0.50 per share, reflecting primarily Power Financial's share, in the amount of \$356 million, of the gain recorded by Groupe Bruxelles Lambert from the sale of its 25.1% interest in Bertelsmann.

Net earnings, including other income, for the nine-month period ended September 30, 2007 were \$1,512 million or \$2.06 per share, compared with \$1,681 million or \$2.31 per share in the same period in 2006.

For the quarter ended September 30, 2007, operating earnings of Power Financial were \$531 million or \$0.73 per share, compared with \$439 million or \$0.60 per share in the third quarter of 2006. This represents an increase of 21.7% on a per share basis.

Other items for the third quarter of 2007 were a charge of \$74 million or \$0.11 per share reflecting primarily the impact of the provision recorded by Great-West Lifeco. For the corresponding period in 2006, other items were \$356 million or \$0.50 per share, representing Power Financial's share of the gain recorded by GBL from the sale of its interest in Bertelsmann.



Net earnings for the quarter were \$457 million or \$0.62 per share in 2007, compared with \$795 million or \$1.10 per share in 2006.

### **DIVIDENDS ON PREFERRED SHARES**

The Board of Directors today declared quarterly dividends on the Corporation's preferred shares, as follows:

<b><i>Type of shares</i></b>	<b><i>Record Date</i></b>	<b><i>Payment Date</i></b>	<b><i>Amount</i></b>
1986 Series	December 21, 2007	January 15, 2008	To be determined in accordance with the articles of the Corporation
Series A	December 21, 2007	January 15, 2008	35¢
Series B	December 21, 2007	January 15, 2008	33.4375¢
Series C	December 21, 2007	January 15, 2008	36.25¢
Series D	December 21, 2007	January 15, 2008	31.25¢

### **DIVIDENDS ON PARTICIPATING SHARES**

The Board of Directors also declared a quarterly dividend of 24.125 cents on the Participating Preferred and Subordinate Voting Shares of the Corporation, payable December 31, 2007 to shareholders of record December 10, 2007.

#### **Forward-looking Statements**

*Certain statements in this news release, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's or its subsidiaries' or affiliates' current expectations. These statements may include, without limitation, statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of Power Corporation, its subsidiaries or affiliates for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".*

*This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.*



By its nature, this information is subject to inherent risks and uncertainties that may be general or specific. A variety of material factors, many of which are beyond the Corporation's, its subsidiaries' and affiliates' control, affect the operations, performance and results of the Corporation's, its subsidiaries and affiliates, and their business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's, its subsidiaries' or affiliates' ability to complete strategic transactions and integrate acquisitions, and the Corporation's or its subsidiaries' or its affiliates' success in anticipating and managing the foregoing risks.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's, its subsidiaries' and affiliates' forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to put undue reliance on forward-looking statements.

Other than as specifically required by law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business is provided in its disclosure materials, including its most recent Management's Discussion and Analysis of Operating Results and Annual Information Form, filed with the securities regulatory authorities in Canada, available at [www.sedar.com](http://www.sedar.com).

#### **Non-GAAP Financial Measures**

In analysing the financial results of the Corporation and consistent with the presentation in previous years, net earnings are subdivided into the following components:

- operating earnings; and
- other items, which includes, but is not limited to, the impact on the Corporation's net earnings of "Other income" as presented in the Corporation's consolidated statements of earnings (net of income tax and non-controlling interests, if any).

Management has used these performance measures for many years in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation.

"Operating earnings" excludes the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful, and also excludes the Corporation's share of any such item presented in a comparable manner by its subsidiaries. Operating earnings and operating earnings per share are non-GAAP financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities.

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Attachments: Financial Information (unaudited)

For further information, please contact:

Mr. Edward Johnson  
Senior Vice-President, General Counsel and Secretary  
(514) 286-7400

**Power Corporation of Canada**  
**CONSOLIDATED BALANCE SHEETS**

(in millions of dollars)	September 30, 2007 (unaudited)	December 31, 2006
<b>Assets</b>		
Cash and cash equivalents	5,660	5,785
Investments (Note 4)		
Shares	8,007	5,598
Bonds	66,284	65,246
Mortgages and other loans	16,279	15,823
Loans to policyholders	6,259	6,776
Real estate	2,329	2,218
	99,158	95,661
Funds held by ceding insurers	1,553	12,371
Investment in affiliates, at equity	3,564	2,182
Intangible assets	2,867	2,745
Goodwill (Note 2)	11,567	8,454
Future income taxes	696	471
Other assets (Note 5)	7,980	5,083
	133,045	132,752
<b>Liabilities</b>		
Policy liabilities		
Actuarial liabilities	86,425	89,490
Other	4,336	4,488
Deposits and certificates	806	778
Funds held under reinsurance contracts	1,950	1,822
Debentures and other borrowings (Note 6)	6,979	3,513
Preferred shares of subsidiaries	1,667	1,625
Capital trust securities and debentures (Note 7)	640	646
Future income taxes	887	909
Other liabilities	7,085	8,897
	110,775	112,168
Non-controlling interests (Note 8)	12,488	11,983
<b>Shareholders' Equity</b>		
Stated capital (Note 9)		
Non-participating shares	795	795
Participating shares	473	442
Contributed surplus	74	59
Retained earnings	8,074	7,480
Accumulated other comprehensive income (loss) (Note 10)	366	(175)
	9,782	8,601
	133,045	132,752

# **CONSOLIDATED STATEMENTS OF EARNINGS**

	Three months ended September 30		Nine months ended September 30	
(unaudited) (in millions of dollars, except per share amounts)	2007	2006	2007	2006
<b>Revenues</b>				
Premium income	3,879	4,332	13,758	12,471
Net investment income				
Regular net investment income	1,537	1,632	4,699	4,596
Change in fair value on held for trading assets	426	—	(1,921)	—
	1,963	1,632	2,778	4,596
Fees and media income	1,696	1,324	4,736	3,995
	7,538	7,288	21,272	21,062
<b>Expenses</b>				
Policyholder benefits, dividends and experience refunds, and change in actuarial liabilities	4,678	4,871	13,026	13,831
Commissions	574	519	1,767	1,577
Operating expenses	1,228	862	3,131	2,644
Financing charges (Note 11)	118	90	294	258
	6,598	6,342	18,218	18,310
	940	946	3,054	2,752
Share of earnings of affiliates	26	9	113	84
Other income (charges), net (Note 12)	8	356	11	348
Earnings before income taxes and non-controlling interests	974	1,311	3,178	3,184
Income taxes	187	274	704	728
Non-controlling interests (Note 8)	433	528	1,361	1,352
Net earnings	354	509	1,113	1,104
<b>Earnings per participating share (Note 13)</b>				
Basic	0.76	1.10	2.39	2.38
Diluted	0.75	1.09	2.36	2.36

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) (in millions of dollars)	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Net earnings	354	509	1,113	1,104
Other comprehensive income (loss)				
Net unrealized gains (losses) on available-for-sale assets				
Unrealized gains (losses)	(86)	-	371	-
Income tax on unrealized gains (losses)	(38)	-	(60)	-
Reclassification of realized (gains) losses to net earnings	(103)	-	(273)	-
Income tax on reclassification of realized (gains) losses to net earnings	21	-	58	-
	(206)	-	96	-
Net unrealized gains (losses) on cash flow hedges				
Unrealized gains (losses)	48	-	(9)	-
Income tax on unrealized gains (losses)	(17)	-	4	-
Reclassification of realized (gains) losses to net earnings	55	-	95	-
Income tax on reclassification of realized (gains) losses to net earnings	(19)	-	(26)	-
	67	-	64	-
Net unrealized gains (losses) on foreign currency translation	(583)	14	(1,338)	(34)
Other comprehensive income (loss) before non-controlling interests	(722)	14	(1,178)	(34)
Non-controlling interests	370	(4)	734	9
Other comprehensive income (loss)	(352)	10	(444)	(25)
Comprehensive income	2	519	669	1,079



# **CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

Nine months ended September 30 (unaudited) (in millions of dollars)	2007	2006
<b>Stated capital – Non-participating shares</b>		
Non-participating shares, beginning of year	795	795
Issue of non-participating shares	–	–
Non-participating shares, end of period	795	795
<b>Stated capital – Participating shares</b>		
Participating shares, beginning of year	442	417
Issue of participating shares under stock option plan	31	25
Participating shares, end of period	473	442
<b>Contributed surplus</b>		
Contributed surplus, beginning of year	59	37
Stock options expense	21	25
Non-controlling interests	(6)	(9)
Contributed surplus, end of period	74	53
<b>Retained earnings</b>		
Retained earnings, beginning of year		
As previously reported	7,480	6,478
Change in accounting policy (Note 1)	(181)	–
As restated	7,299	6,478
Net earnings	1,113	1,104
Dividends to shareholders		
Non-participating shares	(32)	(32)
Participating shares	(309)	(254)
Other	3	(5)
Retained earnings, end of period	8,074	7,291
<b>Accumulated other comprehensive income (loss) (Note 10)</b>		
Accumulated other comprehensive income (loss), beginning of year	(175)	(468)
Change in accounting policy (Note 1)	985	–
Other comprehensive income (loss)	(444)	(25)
Accumulated other comprehensive income (loss), end of period	366	(493)
<b>Total Shareholders' Equity</b>	<b>9,782</b>	<b>8,088</b>

# **CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended September 30		Nine months ended September 30	
(unaudited) (in millions of dollars)	2007	2006	2007	2006
<b>Operating activities</b>				
Net earnings	354	509	1,113	1,104
Non-cash charges (credits)				
Increase (decrease) in policy liabilities	929	1,172	(619)	1,575
Decrease (increase) in funds held by ceding insurers	168	40	609	471
Increase (decrease) in funds held under reinsurance contracts	(26)	(524)	24	(621)
Amortization and depreciation	33	28	94	83
Future income taxes	4	(15)	(49)	57
Non-controlling interests	433	528	1,361	1,352
Other	(416)	(379)	2,103	(485)
Change in non-cash working capital	(279)	196	(1,578)	43
	<b>1,200</b>	<b>1,555</b>	<b>3,058</b>	<b>3,579</b>
<b>Financing activities</b>				
Dividends paid				
By subsidiaries to non-controlling interests	(209)	(183)	(606)	(527)
Non-participating shares	(11)	(11)	(32)	(31)
Participating shares	(109)	(89)	(308)	(254)
	<b>(329)</b>	<b>(283)</b>	<b>(946)</b>	<b>(812)</b>
Issue of subordinated voting shares	-	10	31	25
Issue of common shares by subsidiaries	4	7	30	31
Repurchase of common shares by subsidiaries	(15)	(19)	(64)	(56)
Issue of preferred shares by a subsidiary	-	200	-	500
Repurchase of preferred shares by a subsidiary	(1)	(18)	(1)	(30)
Issue of debentures and other borrowings	2,590	-	3,727	336
Repayment of debentures and other borrowings	(132)	(250)	(164)	(422)
Other	30	41	30	17
	<b>2,147</b>	<b>(312)</b>	<b>2,643</b>	<b>(411)</b>
<b>Investment activities</b>				
Bond sales and maturities	7,059	7,351	18,878	20,683
Mortgage loan repayments	458	523	1,429	1,434
Sales of shares	612	492	1,571	1,165
Real estate sales	32	129	66	174
Proceeds from securitizations	427	386	1,085	1,019
Change in loans to policyholders	(7)	(19)	(167)	(239)
Change in repurchase agreements	(317)	14	(584)	132
Acquisition of businesses	(4,159)	-	(4,159)	-
Acquisition of intangible assets	-	(141)	-	(141)
Investment in bonds	(5,777)	(7,586)	(17,082)	(22,091)
Investment in mortgage loans	(1,627)	(1,268)	(3,682)	(3,163)
Investment in shares	(691)	(417)	(2,446)	(1,192)
Investment in real estate	(244)	(399)	(440)	(515)
Other	15	(11)	2	(20)
	<b>(4,219)</b>	<b>(946)</b>	<b>(5,529)</b>	<b>(2,754)</b>
Effect of changes in exchange rates on cash and cash equivalents	(115)	31	(297)	71
Increase (decrease) in cash and cash equivalents	(987)	328	(125)	485
Cash and cash equivalents, beginning of period	6,647	5,489	5,785	5,332
Cash and cash equivalents, end of period	5,660	5,817	5,660	5,817

## Power Corporation of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) SEPTEMBER 30, 2007 ALL TABULAR AMOUNTS ARE IN MILLIONS OF CANADIAN DOLLARS UNLESS OTHERWISE NOTED.

#### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The interim unaudited consolidated financial statements of Power Corporation of Canada at September 30, 2007 have been prepared in accordance with generally accepted accounting principles in Canada (GAAP). Interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2006. These interim unaudited consolidated financial statements do not include all disclosures required for annual financial statements.

The interim unaudited consolidated financial statements have been prepared using the same accounting policies described in Note 1 of the Corporation's consolidated financial statements for the year ended December 31, 2006, except for the adoption of the new rules on Financial Instruments as described below.

##### A) CHANGES IN ACCOUNTING POLICIES – FINANCIAL INSTRUMENTS

Effective January 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 4211, *Life Insurance Enterprises*; Section 3855, *Financial Instruments – Recognition and Measurement*; Section 3865, *Hedges*; and Section 1530, *Comprehensive Income*.

Under these new standards, all financial assets, including derivatives, must be classified as available for sale, held for trading, held to maturity, or loans and receivables. All financial liabilities, including derivatives, must be classified as held for trading or other. All financial instruments classified as available for sale or held for trading are recognized at fair value on the Consolidated Balance Sheet while financial instruments classified as loans and receivables or other will continue to be measured at amortized cost using the effective interest rate method. The standards allow the Corporation to designate certain financial instruments, on initial recognition, as held for trading.

Changes in the fair value of financial instruments classified as held for trading are reported in net earnings. Unrealized gains or losses on financial instruments classified as available for sale are reported in other comprehensive income until they are realized by the Corporation or until the assets are other than temporarily impaired, at which time they are recorded in the Consolidated Statements of Earnings.

The Consolidated Statements of Comprehensive Income have been included in the Corporation's financial statements. The Consolidated Statements of Changes in Shareholders' Equity have replaced the Consolidated Statements of Retained Earnings in the Corporation's financial statements. Unrealized gains and losses on financial assets classified as available for sale, the effective portion of changes in the fair value of cash flow hedging instruments and unrealized foreign currency translation gains and losses are recorded in the Consolidated Statements of Comprehensive Income on a net of tax basis. Other comprehensive income amounts arising from using the equity method to account for the Corporation's investment in its affiliates are recorded in the Consolidated Statements of Comprehensive Income. Accumulated other comprehensive income forms part of Shareholders' equity.

With respect to Great-West Lifeco Inc. (Lifeco), certain investments, primarily investments actively traded in a public market, and certain financial liabilities are measured at their fair value. Investments backing actuarial liabilities, investments backing participating account surplus in The Canada Life Assurance Company (Canada Life), and preferred shares classified as liabilities are designated as held for trading using the fair value option. Changes in the fair value of these investments flow through net earnings. This impact is largely offset by corresponding changes in the actuarial liabilities which also flow through net earnings. Investments backing Lifeco's shareholder capital and surplus, with the exception of the investments backing participating account surplus in Canada Life, are classified as available for sale. Unrealized gains and losses on these investments flow through other comprehensive income until they are realized. Certain investment portfolios are classified as held for trading as a reflection of their underlying nature. Changes in the fair value of these investments flow through net earnings. There has been no change to Lifeco's method of accounting for real estate or loans.

The remainder of the Corporation's investments in shares was designated as available for sale. The loans portfolio was designated as loans and receivables and is carried at amortized cost.

Derivative instruments, previously off-balance sheet, are recognized at their market value in the Consolidated Balance Sheet. Changes in the fair value of derivatives are recognized in net earnings except for derivatives designated as effective cash flow hedges.

Derivatives embedded in financial instruments, or other contracts, which are not closely related to the host financial instrument or contract, must be bifurcated and recognized independently. The change in accounting policy related to embedded derivatives did not have a significant impact on the financial statements of the Corporation.

Three types of hedging relationships are permitted under the new standards: fair value hedges, cash flow hedges, and hedges of net investments in self-sustaining foreign operations. Changes in fair value hedges are recognized in net earnings. The effective portion of cash flow hedges, and hedges of net investments in self-sustaining foreign operations, are offset through other comprehensive income until the variability in cash flows being hedged is recognized in net earnings.

On January 1, 2007, transition adjustments were made to certain existing financial instruments to adjust their carrying value to market, to recognize derivative financial instruments on the balance sheet, to eliminate the recognition of deferred realized gains of Lifeco with corresponding adjustments to actuarial liabilities and opening retained earnings.

The following table summarizes the adjustments made to adopt the new standards:

	December 31, 2006 As reported	Change in accounting policy	January 1, 2007 Adjusted
<b>Assets</b>			
Cash and cash equivalents	5,785	-	5,785
Investments			
Shares	5,598	844	6,442
Bonds	65,246	1,016	66,262
Mortgages and other loans	15,823	(46)	15,777
Loans to policyholders	6,776	-	6,776
Real estate	2,218	-	2,218
	95,661	1,814	97,475
Investment in affiliates, at equity	2,182	1,157	3,339
All other assets	29,124	(150)	28,974
	132,752	2,821	135,573
<b>Liabilities</b>			
Policy liabilities			
Actuarial liabilities	89,490	3,896	93,386
Other	4,488	-	4,488
Debentures and other borrowings	3,513	-	3,513
Preferred shares of subsidiaries	1,625	71	1,696
Capital trust securities and debentures	646	-	646
Future income taxes	909	25	934
All other liabilities	11,497	(2,464)	9,033
	112,168	1,528	113,696
Non-controlling interests	11,983	489	12,472
<b>Shareholders' Equity</b>			
Stated capital			
Non-participating shares	795	-	795
Participating shares	442	-	442
Contributed surplus	59	-	59
Retained earnings	7,480	(181)	7,299
Accumulated other comprehensive income	-	810	810
Foreign currency translation adjustments	(175)	175	-
	8,601	804	9,405
	132,752	2,821	135,573

## B) FUTURE ACCOUNTING CHANGES

### Capital Disclosures

Effective January 1, 2008, the Corporation will be required to comply with CICA Handbook Section 1535, *Capital Disclosures*. The Section establishes standards for disclosing information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

### Financial Instruments Disclosure and Presentation

Effective January 1, 2008, the Corporation will be required to comply with CICA Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. These sections will replace existing Section 3861, *Financial Instruments – Disclosure and Presentation*. Presentation standards are carried forward unchanged. Disclosure standards are enhanced and expanded to complement the changes in accounting policy adopted in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*.

These new requirements are for disclosure only and will not impact financial results of the Corporation.

## C) COMPARATIVE FIGURES

Certain of the 2006 amounts presented for comparative purposes have been reclassified to conform to the presentation adopted in the current year.

Comparative figures have not been restated to conform with the new Financial Instruments accounting policies adopted January 1, 2007. CICA guidance explicitly prohibits the restatement of comparative information under these new standards.

## NOTE 2 ACQUISITIONS

### (a) Putnam Investments Trust

On August 3, 2007, Lifeco acquired the asset management business of Putnam Investments Trust (Putnam), and The Great-West Life Assurance Company (Great-West Life) and Canada Life acquired Putnam's 25% interest in T.H. Lee Partners (T.H. Lee), from Marsh & MacLennan Companies Inc. representing an aggregate transaction value of approximately \$4.2 billion including transaction costs. Financing of the transaction is described in Note 6. The Corporation's interest in T.H. Lee is included in "Investment in affiliates, at equity".

The initial allocation of the purchase price is summarized as follows:

Value of assets acquired:	
Cash and certificates of deposit	74
Shares	441
Other assets	1,830
	<hr/> 2,345
Value of liabilities assumed:	
Other liabilities	1,535
Non-controlling interests	2
	<hr/> 1,537
Fair value of net assets acquired	<hr/> 808
Total purchase consideration:	
Cash	4,143
Transaction and related costs, net of income taxes	91
	<hr/> 4,234
Goodwill and intangible assets on acquisition (1)	<hr/> 3,426

(1) The initial allocation of the purchase price to intangible assets acquired should be completed in the fourth quarter of 2007.

The amounts assigned to the assets acquired and liabilities assumed and associated goodwill and intangible assets may be adjusted when the allocation process has been finalized. Included in other liabilities assumed are accruals for Putnam costs of \$108 million related to planned restructuring and exit activities involving operations and systems, compensation costs and facilities (refer to Note 3).

Results of Putnam are included in the Consolidated Statements of Earnings from the date of acquisition. Putnam offers investment management products and services, mainly in the United States.

**(b) Crown Life Insurance Company**

On July 5, 2007, Canada Life acquired all of the outstanding common share of Crown Life Insurance Company (Crown Life) for cash consideration of \$118 million, including transaction costs. The acquisition was pursuant to the terms of the 1999 acquisition of the majority of the insurance operations of Crown Life by Canada Life.

The acquisition resulted in an initial increase in invested assets of \$459 million, an increase in other assets of \$25 million, an increase in policyholder liabilities of \$338 million, an increase in other liabilities of \$58 million, a decrease in non-controlling interest of \$11 million and estimated goodwill of \$19 million. The amounts assigned to the assets acquired and liabilities assumed and associated goodwill may be adjusted when the allocation process has been finalized.

Results of Crown Life are included in the Consolidated Statements of Earnings from the date of acquisition.

**(c) Benefits Management Corporation**

On May 31, 2007, Great-West Life & Annuity Insurance Company (GWL&A) acquired an 80% equity interest in Benefits Management Corporation (BMC). The assets acquired, liabilities assumed and Lifeco's equity interest in the results of BMC's operations have been included in its consolidated financial statements since that date. The acquisition will add approximately 90,000 members to Lifeco's medical membership. BMC's principal subsidiary, Allegiance Benefit Management, Inc., is a Montana-based third-party administrator of employee health plans.

The value of identifiable intangible assets acquired reflects the estimated fair value of Lifeco's interest in BMC's customer base at the time of acquisition. The value of the identifiable intangible assets will be amortized in relation to the expected economic benefits of the business acquired. If actual experience differs from expectations, the amortization will be adjusted to reflect actual experience.

### NOTE 3 RESTRUCTURING COSTS

Following the acquisition of Putnam on August 3, 2007, Lifeco developed a plan to restructure certain operations of Putnam. Lifeco expects the restructuring to be substantially completed by the end of 2008. Costs of \$123 million (US\$ 117 million) are expected to be incurred as a result and consist primarily of restructuring activities involving operations and systems, compensation costs and facilities. The costs include approximately \$108 million (US\$ 103 million) that was recognized as part of the purchase equation of Putnam. Costs of approximately \$15 million (US\$ 14 million) will be charged to earnings as incurred.

The following details the amount and status of restructuring program costs for the period ended September 30, 2007:

	Expected total costs	Amounts Utilized - 2007	Changes in foreign exchange rates	Balance September 30, 2007
Compensation costs	100	(23)	(4)	73
Exiting and consolidating operations	13	-	(1)	12
Eliminating duplicate systems	10	-	-	10
	<u>123</u>	<u>(23)</u>	<u>(5)</u>	<u>95</u>
Accrued on acquisition	108	(23)	(4)	81
Expense as incurred	15	-	(1)	14
	<u>123</u>	<u>(23)</u>	<u>(5)</u>	<u>95</u>

### NOTE 4 INVESTMENTS

	September 30, 2007				December 31,
	Market value		Amortized cost		2006
	Available for sale	Held for trading	Loans and receivables	Non-financial instruments	
Shares	3,616	4,391	-	-	5,598
Bonds	4,341	53,010	8,933	-	65,246
Mortgages and other loans	-	-	16,279	-	15,823
Loans to policyholders	-	-	6,259	-	6,776
Real estate	-	-	-	2,329	2,218
	<u>7,957</u>	<u>57,401</u>	<u>31,471</u>	<u>2,329</u>	<u>95,661</u>

### NOTE 5 OTHER ASSETS

	September 30, 2007	December 31, 2006
Dividends, interest and other receivables	2,951	2,061
Premium in course of collection	587	566
Deferred selling commissions	1,002	974
Fixed assets, net of accumulated depreciation	597	514
Accrued benefit asset	312	281
Derivative financial instruments	893	-
Other	1,638	687
	<u>7,980</u>	<u>5,083</u>



## NOTE 6 DEBENTURES AND OTHER BORROWINGS

	September 30, 2007	December 31, 2006
<b>Short term</b>		
<b>IGM Financial Inc.</b>		
Credit facility at a rate equal to Canadian Bankers' Acceptance rate plus 0.375%	100	—
<b>Great-West Lifeco Inc.</b>		
Commercial paper and other short-term debt instruments with interest rates from 5.2% to 5.5%	97	110
Credit facility at a rate equal to Canadian Bankers' Acceptance rate plus 0.25%	1,233	—
Credit facility at a rate equal to LIBOR rate plus 0.25% (US\$1,221 million)	1,221	—
Revolving credit in respect of reinsurance business with interest rates of 6.0% maturing within one year	1	1
<b>Total short term</b>	<b>2,652</b>	<b>111</b>
<b>Long term</b>		
<b>Power Financial Corporation</b>		
6.90% debentures, due March 11, 2033	250	250
<b>IGM Financial Inc.</b>		
6.75% debentures 2001 Series, due May 9, 2011	450	450
6.58% debentures 2003 Series, due March 7, 2018	150	150
6.65% debentures 1997 Series, due December 13, 2027	125	125
7.45% debentures 2001 Series, due May 9, 2031	150	150
7.00% debentures 2002 Series, due December 31, 2032	175	175
7.11% debentures 2003 Series, due March 7, 2033	150	150
<b>Great-West Lifeco Inc.</b>		
Subordinated debentures due December 11, 2013 bearing a fixed rate of 5.80% until 2008 and, thereafter, at a rate equal to the Canadian 90-day Bankers' Acceptance rate plus 1%, unsecured	203	204
6.75% debentures due August 10, 2015, unsecured	200	200
6.14% debentures due March 21, 2018, unsecured	200	200
6.40% subordinated debentures due December 11, 2028, unsecured	100	101
6.74% debentures due November 24, 2031, unsecured	200	200
6.67% debentures due March 21, 2033, unsecured	400	400
6.625% deferrable debentures due November 15, 2034, unsecured (US\$174 million)	174	205
7.153% subordinated debentures due May 16, 2046, unsecured (US\$300 million)	300	351
Subordinated debentures due June 21, 2067 bearing an interest rate of 5.691% until 2017 and, thereafter, at a rate equal to the Canadian 90-day Bankers' Acceptance rate plus 1.49%, unsecured	1,000	—
Notes payable with interest of 8.0%	7	8
<b>Other</b>		
Term loan at prime plus a premium varying between 1.0% and 1.75% or Bankers' Acceptance plus a premium varying between 2.0% and 2.75% due May 13, 2013	60	50
Bank loan at prime plus a premium varying between 0.375% to 1.5%, or Bankers' Acceptance plus a premium varying between 1.375% and 2.5% due May 13, 2010	33	33
<b>Total long term</b>	<b>4,327</b>	<b>3,402</b>
	<b>6,979</b>	<b>3,513</b>

As part of the financing of the acquisition of Putnam, Lifeco entered into a credit agreement with a Canadian chartered bank. The credit agreement provides a one year facility, extendible at Lifeco's option for an additional six months, of up to \$3,000 million, fundable in Canadian or U.S. dollars. On August 2, 2007, Lifeco drew \$1,233

million and US\$1,571 million against the facility. The facility provided Lifeco with the option to convert up to US\$500 million to a five year term loan which option Lifeco has exercised against the U.S. drawings of the facility on October 18, 2007. The balance outstanding under this facility at September 30, 2007 was \$2,454 million (\$1,233 Canadian and US\$1,221 million).

On June 20, 2007, Lifeco borrowed \$124 million under an existing revolving line of credit facility with a Canadian chartered bank. On August 2, 2007, Lifeco fully repaid the balance of \$124 million.

During the second quarter of 2007, Lifeco issued \$1.0 billion of 5.691% Subordinated Debentures through its wholly owned subsidiary Great-West Lifeco Finance (Delaware) LP. The subordinated debentures are due June 21, 2067 and bear an interest rate of 5.691% until June 21, 2017. After June 21, 2017, the subordinated debentures will bear an interest rate of the three-month Bankers' Acceptance rate plus 1.49%. The subordinated debentures may be redeemed by Lifeco at the principal amount plus any unpaid and accrued interest after June 21, 2017.

#### NOTE 7 CAPITAL TRUST SECURITIES AND DEBENTURES

	September 30, 2007	December 31, 2006
<b>Capital trust debentures</b>		
5.995% senior debentures due December 31, 2052, unsecured (GWLCT)	350	350
6.679% senior debentures due June 30, 2052, unsecured (CLCT)	300	300
7.529% senior debentures due June 30, 2052, unsecured (CLCT)	150	150
	800	800
Acquisition-related fair market value adjustment	28	31
Trust securities held by consolidated group as temporary investments	(188)	(185)
	640	646

Great-West Life Capital Trust (GWLCT), a trust established by Great-West Life, had issued \$350 million of capital trust securities, the proceeds of which were used by GWLCT to purchase Great-West Life senior debentures in the amount of \$350 million, and Canada Life Capital Trust (CLCT), a trust established by Canada Life, had issued \$450 million of capital trust securities, the proceeds of which were used by CLCT to purchase Canada Life senior debentures in the amount of \$450 million.

# NOTE 8 NON-CONTROLLING INTERESTS

	September 30, December 31,	
	2007	2006
Non-controlling interests include		
Participating policyholders	2,063	1,884
Preferred shareholders (perpetual) of subsidiaries	2,651	2,653
Common shareholders of subsidiaries	7,774	7,446
	12,488	11,983

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Earnings attributable to non-controlling interests include				
Earnings attributable to participating policyholders	43	31	110	118
Dividends to preferred shareholders (perpetual) of subsidiaries	37	38	112	103
Earnings attributable to common shareholders of subsidiaries	353	459	1,139	1,131
	433	528	1,361	1,352

**NOTE 9 CAPITAL STOCK AND STOCK OPTION PLAN**  
**STATED CAPITAL**

	September 30, 2007	December 31, 2006
<b>Non-Participating Shares</b>		
Cumulative Redeemable First Preferred Shares, 1986 Series		
Authorized – Unlimited number of shares		
Issued – 899,878 shares	45	45
Series A First Preferred Shares		
Authorized and issued – 6,000,000 shares	150	150
Series B First Preferred Shares		
Authorized and issued – 8,000,000 shares	200	200
Series C First Preferred Shares		
Authorized and issued – 6,000,000 shares	150	150
Series D First Preferred Shares		
Authorized and issued – 10,000,000 shares	250	250
	<b>795</b>	<b>795</b>
<b>Participating Shares</b>		
Participating Preferred Shares		
Authorized – Unlimited number of shares		
Issued – 48,854,772 shares	27	27
Subordinate Voting Shares		
Authorized – Unlimited number of shares		
Issued – 404,876,082 (2006 – 402,606,144) shares	446	415
	<b>473</b>	<b>442</b>

**STOCK-BASED COMPENSATION**

During the first quarter of 2007, 1,209,075 options were granted under the Corporation's stock option plan (no options were granted in the first quarter of 2006). During the second quarter of 2006, 1,342,075 options were granted under the Corporation's stock option plan (no options were granted in the second quarter of 2007). During the third quarters of 2007 and 2006, no options were granted.

The fair value of these options was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2007	2006
Dividend yield	2.1 %	2.3 %
Expected volatility	15.5 %	19.0 %
Risk-free interest rate	4.0 %	4.3 %
Expected life (years)	7	7
Fair value per option granted (\$/option)	<b>\$7.11</b>	<b>\$7.29</b>

Compensation expense relating to the stock options granted by the Corporation and its subsidiaries amounted to \$7 million in the third quarter of 2007 (\$9 million in 2006) and \$21 million for the nine months ended September 30, 2007 (\$25 million in 2006).

Options were outstanding at September 30, 2007 to purchase, until March 25, 2017, 11,133,972 subordinate voting shares at various prices from \$11.3625 to \$37.07. During the nine months ended September 30, 2007, 2,269,938 subordinate voting shares (2,336,450 in 2006) were issued under the Corporation's plan for an aggregate consideration of \$31 million (\$25 million in 2006).

# NOTE 10 ACCUMULATED OTHER COMPREHENSIVE INCOME

Unrealized gains (losses), on				
Nine months ended September 30, 2007	Available-for-sale assets	Cash flow hedges	Foreign currency translation	Total
Balance, beginning of year	—	—	(175)	(175)
Change in accounting policy (Note 1)	1,708	(43)	—	1,665
Income taxes	(135)	8	—	(127)
	1,573	(35)	—	1,538
Non-controlling interests	(574)	21	—	(553)
Net change in accounting policy	999	(14)	—	985
Other comprehensive income (loss)	98	86	(1,338)	(1,154)
Income taxes	(2)	(22)	—	(24)
	96	64	(1,338)	(1,178)
Non-controlling interests	75	(36)	695	734
	171	28	(643)	(444)
Balance, end of period	1,170	14	(818)	366

Unrealized gains (losses), on				
Nine months ended September 30, 2006	Available-for-sale assets	Cash flow hedges	Foreign currency translation	Total
Balance, beginning of year	—	—	(468)	(468)
Other comprehensive income (loss)	—	—	(34)	(34)
Income taxes	—	—	—	—
	—	—	(34)	(34)
Non-controlling interests	—	—	9	9
	—	—	(25)	(25)
Balance, end of period	—	—	(493)	(493)

## NOTE 11 FINANCING CHARGES

Financing charges include interest on debentures and other borrowings, together with distributions and interest on capital trust securities and debentures, and dividends on preferred shares classified as liabilities.

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Interest on debentures and other borrowings	97	58	212	167
Preferred share dividends	18	18	54	55
Unrealized gains on preferred shares classified as held for trading	(15)	-	(29)	-
Subordinated debenture issue costs	-	-	13	-
Interest on capital trust debentures	13	13	37	37
Distributions on capital trust securities held by consolidated group as temporary investments	(4)	(4)	(9)	(9)
Other	9	5	16	8
	118	90	294	258

## NOTE 12 OTHER INCOME (CHARGES), NET

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Share of Pargesa's non-operating earnings	-	356	3	343
Other	8	-	8	5
	8	356	11	348

The share of Pargesa's non-operating earnings for the nine-month and three-month periods of 2006 includes an amount of \$356 million which represents Power Financial Corporation's share of the gain resulting from the disposal by Groupe Bruxelles Lambert of its 25.1% equity interest in Bertelsmann AG.

### NOTE 13 EARNINGS PER SHARE

The following is a reconciliation of the numerators and the denominators of the basic and diluted earnings per participating share computations:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Net earnings	354	509	1,113	1,104
Dividends on non-participating shares	(11)	(11)	(32)	(32)
Net earnings available to participating shareholders	343	498	1,081	1,072
Weighted number of participating shares outstanding (millions)				
– Basic	453.7	450.9	453.3	450.3
Exercise of stock options	11.1	9.7	11.1	9.7
Shares assumed to be repurchased with proceeds from exercise of stock options	(6.5)	(5.2)	(6.7)	(5.2)
Weighted number of participating shares outstanding (millions)				
– Diluted	458.3	455.4	457.7	454.8

### NOTE 14 PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS

The total benefit costs included in operating expenses are as follows:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Pension plans	15	22	46	71
Other post-retirement benefits	6	6	21	22
	21	28	67	93

The total benefit costs exclude the pension provision described in Note 17.

### NOTE 15 SECURITIZATIONS

During the third quarter of 2007, IGM Financial Inc. (IGM) securitized \$431 million (\$390 million in 2006) of residential mortgages through sales to bank-sponsored commercial paper conduits and received net cash proceeds of \$427 million (\$386 million in 2006). IGM's retained interest in the securitized loans was valued at \$8 million (\$10 million in 2006). A pre-tax gain on sale of \$0 million (\$4 million in 2006) was recognized and reported in net investment income in the Consolidated Statements of Earnings.

During the nine months ended September 30, 2007, IGM securitized \$1,096 million (\$1,026 million in 2006) of residential mortgages through sales to bank-sponsored commercial paper conduits and received net cash proceeds of \$1,085 million (\$1,019 million in 2006). IGM's retained interest in the securitized loans was valued at \$21 million (\$17 million in 2006). A pre-tax gain on sale of \$2 million (\$1 million in 2006) was recognized and reported in net investment income in the Consolidated Statements of Earnings.

# NOTE 16 SEGMENTED INFORMATION

## Information on Profit Measure

Three months ended September 30, 2007	Lifeco	IGM	Parjointco	Other	Total
<b>Revenues</b>					
Premium income	3,879	—	—	—	3,879
Net investment income	1,844	44	—	75	1,963
Fees and media income	921	687	—	88	1,696
	6,644	731	—	163	7,538
<b>Expenses</b>					
Policyholder benefits, dividends and experience refunds, and change in actuarial liabilities	4,678	—	—	—	4,678
Commissions	348	238	—	(12)	574
Operating expenses	936	155	—	137	1,228
Financing charges	81	22	—	15	118
	6,043	415	—	140	6,598
	601	316	—	23	940
Share of earnings of affiliates	—	—	30	(4)	26
Other income (charges), net	—	—	—	8	8
<b>Earnings before income taxes and non-controlling interests</b>	<b>601</b>	<b>316</b>	<b>30</b>	<b>27</b>	<b>974</b>
Income taxes	78	96	—	13	187
Non-controlling interests	308	140	10	(25)	433
<b>Contribution to consolidated net earnings</b>	<b>215</b>	<b>80</b>	<b>20</b>	<b>39</b>	<b>354</b>

## Information on Profit Measure

Three months ended September 30, 2006	Lifeco	IGM	Parjointco	Other	Total
<b>Revenues</b>					
Premium income	4,332	—	—	—	4,332
Net investment income	1,577	55	—	—	1,632
Fees and media income	658	588	—	78	1,324
	6,567	643	—	78	7,288
<b>Expenses</b>					
Policyholder benefits, dividends and experience refunds, and change in actuarial liabilities	4,871	—	—	—	4,871
Commissions	325	206	—	(12)	519
Operating expenses	604	134	—	124	862
Financing charges	54	22	—	14	90
	5,854	362	—	126	6,342
	713	281	—	(48)	946
Share of earnings of affiliates	—	—	12	(3)	9
Other income (charges), net	—	—	356	—	356
<b>Earnings before income taxes and non-controlling interests</b>	<b>713</b>	<b>281</b>	<b>368</b>	<b>(51)</b>	<b>1,311</b>
Income taxes	186	89	—	(1)	274
Non-controlling interests	303	121	124	(20)	528
<b>Contribution to consolidated net earnings</b>	<b>224</b>	<b>71</b>	<b>244</b>	<b>(30)</b>	<b>509</b>



Information on Profit Measure

Nine months ended September 30, 2007	Lifeco	IGM	Parjointco	Other	Total
Revenues					
Premium income	13,758	—	—	—	13,758
Net investment income	2,402	152	—	224	2,778
Fees and media income	2,434	2,022	—	280	4,736
	18,594	2,174	—	504	21,272
Expenses					
Policyholder benefits, dividends and experience refunds, and change in actuarial liabilities	13,026	—	—	—	13,026
Commissions	1,100	706	—	(39)	1,767
Operating expenses	2,228	466	—	437	3,131
Financing charges	185	66	—	43	294
	16,539	1,238	—	441	18,218
	2,055	936	—	63	3,054
Share of earnings of affiliates	—	—	128	(15)	113
Other income (charges), net	—	—	3	8	11
Earnings before income taxes and non-controlling interests	2,055	936	131	56	3,178
Income taxes	370	288	—	46	704
Non-controlling interests	974	409	44	(66)	1,361
Contribution to consolidated net earnings	711	239	87	76	1,113

Information on Profit Measure

Nine months ended September 30, 2006	Lifeco	IGM	Parjointco	Other	Total
Revenues					
Premium income	12,471	—	—	—	12,471
Net investment income	4,416	162	—	18	4,596
Fees and media income	1,982	1,764	—	249	3,995
	18,869	1,926	—	267	21,062
Expenses					
Policyholder benefits, dividends and experience refunds, and change in actuarial liabilities	13,831	—	—	—	13,831
Commissions	999	614	—	(36)	1,577
Operating expenses	1,842	425	—	377	2,644
Financing charges	152	66	—	40	258
	16,824	1,105	—	381	18,310
	2,045	821	—	(114)	2,752
Share of earnings of affiliates	—	—	94	(10)	84
Other income (charges), net	—	—	343	5	348
Earnings before income taxes and non-controlling interests	2,045	821	437	(119)	3,184
Income taxes	491	242	—	(5)	728
Non-controlling interests	907	365	147	(67)	1,352
Contribution to consolidated net earnings	647	214	290	(47)	1,104

**NOTE 17 CONTINGENT LIABILITIES (material changes since December 31, 2006)**

In the third quarter of 2007, Great-West Life and Canada Life established provisions for certain Canadian retirement plans in the amount of \$97 million after-tax. Actual results could differ from these estimates.

# POWER CORPORATION OF CANADA

751 VICTORIA SQUARE, MONTRÉAL, QUÉBEC, CANADA H2Y 2J3



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## DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that the Board of Directors of Power Corporation of Canada has declared the following dividends:

- (1) A dividend (No. 88) on the outstanding Cumulative Redeemable First Preferred Shares, 1986 Series (POW.PR.F) of the Corporation, for the quarter ending January 15, 2008, payable January 15, 2008 to shareholders of record at the close of business on December 21, 2007 in an amount per share to be determined in accordance with the Articles of Continuance of the Corporation.
- (2) A dividend (No. 34) of 35 cents per share on the First Preferred Shares, Series A (POW.PR.A) of the Corporation, for the quarter ending January 15, 2008, payable January 15, 2008 to shareholders of record at the close of business on December 21, 2007.
- (3) A dividend (No. 25) of 33.4375 cents per share on the First Preferred Shares, Series B (POW.PR.B) of the Corporation, for the quarter ending January 15, 2008, payable January 15, 2008 to shareholders of record at the close of business on December 21, 2007.
- (4) A dividend (No. 21) of 36.25 cents per share on the First Preferred Shares, Series C (POW.PR.C) of the Corporation, for the quarter ending January 15, 2008, payable January 15, 2008 to shareholders of record at the close of business on December 21, 2007.
- (5) A dividend (No. 9) of 31.25 cents per share on the First Preferred Shares, Series D (POW.PR.D) of the Corporation, for the quarter ending January 15, 2008, payable January 15, 2008 to shareholders of record at the close of business on December 21, 2007.

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- (6) A dividend (No. 317) of 24.125 cents per share on the outstanding Participating Preferred Shares (POW.PR.E) of the Corporation, for the quarter ending December 31, 2007, payable December 31, 2007 to shareholders of record at the close of business on December 10, 2007.
- (7) A dividend (No. 259) of 24.125 cents per share on the outstanding Subordinate Voting Shares (POW) of the Corporation, for the quarter ending December 31, 2007, payable December 31, 2007 to shareholders of record at the close of business on December 10, 2007.

BY ORDER OF THE BOARD

Edward Johnson  
Senior Vice-President,  
General Counsel and Secretary

Montréal, Québec  
November 8, 2007

*END*